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3) Prime Minister's schedule, December 1

NIKKEI (Page 2) (Full)  
December 2, 2009

07:55 Attended a meeting of the General Ocean Policy Headquarters in the Diet Building, followed by a cabinet meeting. Foreign Minister Okada, Transport Minister Maehara, and Chief Cabinet Secretary Hirano stayed behind.

08:51 Arrived at the Prime Minister's Official Residence (Kantei).

10:08 Attended a meeting to commemorate "digital broadcast day" at the Keio Plaza Hotel in Nishi-Shinjuku.

11:02 Met Okada and Defense Minister Kitazawa at the Kantei. Joined by Hirano.

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11:57 Met ASEAN Secretary General Surin at the Grand Prince Hotel Akasaka. Later attended an international symposium of the Economic Research Institute for ASEAN and East Asia.

12:24 Met at the Kantei with Okada, Kitazawa, and Hirano.

13:02 Attended a Lower House plenary session.

13:16 Met at the Kantei with Japan Banking and Finance Research Institute President Hidehiro Kikuchi and Cabinet Office Senior Vice Minister Otsuka. Later met Lower House member Hiroko Nakano, Nemuro Mayor Hasegawa and others. Later met with Internal Affairs Minister Haraguchi.

14:56 Posed for photos for the next Upper House election at party headquarters.

15:45 Met at the Kantei with Finance Minister Fujii, Finance Ministry's Senior Vice Minister Minezaki, Parliamentary Secretary Furumoto, and Vice Minister Tango.

17:26 Met Czech Senator Sobotka and others.

18:24 Watched a preview of the movie "Otouto (younger brother)" at Yurakucho Marion.

19:04 Met Maehara at the Kantei.

20:02 Dined with Deputy Chief Cabinet Secretary Matsuno and others at the Chinese restaurant Tokarin at the Hotel Okura.

22:09 Arrived at his official residential quarters.

4) Former MOFA bureau chief testifies in court on Japan-U.S. secret agreement on Okinawa's reversion to Japanese administration

MAINICHI (Page 1) (Full)  
December 2, 2009

The hearing on the case filed by former Mainichi Shimbun reporter Takichi Nishiyama, 78, and 24 other plaintiffs asking the government to disclose secret documents on the negotiations between Japan and the United States on the reversion of Okinawa to Japanese administration (in 1972) was held at the Tokyo District Court (presided over by Justice Norihiko Sugihara) on Dec. 1. Bunroku Yoshino, 91, former director general of the North American Affairs Bureau of the Ministry of Foreign Affairs (MOFA) who was involved in the negotiations with the U.S. and a resident of Yokohama City, appeared in court as a witness for the plaintiffs. He said that "a document (pertaining to the secret agreement) was signed with the U.S. side," testifying that a secret agreement exists. On the other hand, the national government, which has denied the existence of the secret agreement, changed its position, submitting to the court a document saying it is withholding its plea of guilty or not guilty.

Yoshino had confessed to media outlets about the secret agreement, but this was the first time he has testified in court. Nishiyama and the plaintiff group seek the disclosure of three official documents on Japan's payment of the cost for restoring returned military base land to its original state, which should have been borne by the U.S. side (4 million dollars); expenses for the relocation of the premises of Voice of America, U.S. shortwave overseas radio broadcast (16 million dollars); and other expenditures. These documents have been made public at the U.S. National Archives.

Yoshino testified that he "signed a document on the reversion

negotiations prepared by (then) U.S. Embassy Minister Richard Sneider." He said he "signed the initials 'BY' at the director general's office, made a photocopy, and this document should be in MOFA's files."

5) Ex-diplomat's testimony on secret accord to add momentum to

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administration's investigation

YOMIURI (Page 4) (Full)

December 2, 2009

Bunroku Yoshino, 91, a former Foreign Ministry's American Bureau chief, admitted in the Tokyo District Court yesterday that Japan and the U.S. concluded a secret agreement on Japan's payment of fees for restoring the land used by the U.S. military to its original state on the occasion of Okinawa from U.S. control to Japanese sovereignty. The Hatoyama administration has eagerly worked to reveal the truth about whether such secret pacts existed. The former diplomat's testimony is expected to add momentum to the administration's investigation.

Yoshino has so far admitted in interviews with the media that Japan and the U.S. concluded secret accords. On the accord concerning the cost burden, other former senior officials of the Foreign Ministry have also admitted its existence. In addition, the U.S. has disclosed related documents.

Even so, while the Foreign Ministry's expert panel is carrying out an investigation and analysis under the instruction of Foreign Minister Katsuya Okada, the testimony in a court by a concerned person carries even heavier weight. Okada appreciated Yoshino's testimony, saying in a press conference yesterday: "It will be very significant if the truth can be brought to light through a trial."

Prime Minister Yukio Hatoyama also told reporters yesterday: "Allegations that Japan and the U.S. concluded secret pacts are now surfacing. When the government confirms the facts, we would like to let the people know the truth using the appropriate method."

6) International system to prevent nuclear terrorism; nuclear security summit preparatory meeting to be held in Tokyo tomorrow

ASAHI (Page 3) (Excerpts)

December 2, 2009

Hirotsugu Mochizuki in Washington, Makoto Igarashi, Hiroyuki Maekawa

Proxies for world leaders will assemble in Tokyo tomorrow to attend a preparatory meeting for a nuclear security summit to be hosted in Washington next spring by U.S. President Barack Obama, who advocates a nuclear-free world. What is the United States' aim for the summit? What is the significance of holding the preparatory meeting in Japan?

Japan looks for "deepened" alliance with the U.S.

Following their talks in Tokyo in November, Prime Minister Yukio Hatoyama and President Obama released a joint statement on a nuclear-free world, defining it as a new theme for Japan-U.S. cooperation. The Japanese side is hopeful that this will help deepen its alliance with the United States.

Japan is an "honor student" who has not pursued a nuclear weapons program and has adhered to the principle of using nuclear energy peacefully under the Nuclear Non-proliferation Treaty (NPT) regime. The U.S. pins hopes on Japan, as seen in National Nuclear Security Administration head Thomas D'Agostino's words, "Japan will be a

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terrific host."

In the upcoming preparatory meeting, members will, among other things, discuss ways to secure nuclear materials. There is a possibility that the United States, which calls for stricter rules, will lock horns with developing countries, which want to introduce nuclear-power generation plans at low cost. Japan intends to serve as an intermediary to build a consensus.

Vietnam has decided to build nuclear plants. Expectations for nuclear energy are growing in Asia. Japan, which has major nuclear energy producers, is also exploring ways for cooperation with other Asian countries. But that is absolutely premised on nuclear technology not being used for military purposes and nuclear materials not falling into the hands of terrorists. That can also explain why Japan is eager to build an international nuclear-security regime.

Pursuing profits is not the only motive. The United States plans to maintain its nuclear deterrence for the foreseeable future. A senior Foreign Ministry official explained that the groundwork for a nuclear-free world can't be laid unless the risk of nuclear proliferation is eliminated by building a system to control nuclear materials.

#### 7) Miyajima picked to head Central Readiness Command

SANKEI (Page 2) (Full)  
December 2, 2009

Defense Minister Toshimi Kitazawa, in yesterday's cabinet meeting, reported a new lineup of ranking officers in the Self-Defense Forces, including the appointment of Toshinobu Miyajima, commandant of the Joint Staff College (JSC), to the post of Central Readiness Command (CRC) commander in the Ground Self-Defense Force (GSDF), as the successor to the retiring CRC commander, Mikio Shibata. These appointments were approved in the cabinet meeting and will be officially announced under the date of Dec. 7.

GSDF Lt. Gen. Toshinobu Miyajima, currently in the post of Joint Staff College commandant, has been appointed to the post of CRC commander; GSDF Lt. Gen. Takashi Watanabe, currently in the post of GSDF 1st Division commanding general, to the post of JSC commandant; and GSDF Maj. Gen. Yoshiaki Nakagawa, currently in the post of chief of staff at GSDF Middle District Army Headquarters and concurrently in the post of GSDF Itami Garrison commander, to the post of GSDF 1st Division.

GSDF Lt. Gen. Mikio Shibata, currently in the post of CRC commander, will retire from GSDF service.

CRC commander

Toshinobu Miyajima: graduated from the National Defense Academy; joined the GSDF in 1976, served in the post of GSDF 4th Division commanding general and then became JSC commandant in March 2009; 55 years old; born in Saga Prefecture.

#### 8) Prime Minister Hatoyama calls for building East Asian community

YOMIURI (Page 2) (Excerpts)  
December 2, 2009

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An international symposium to think of the future of the Asian economy was held yesterday in Tokyo. Researchers from Japan, the United States, China, South Korea, and the Association of Southeast Asian Nations (ASEAN) participated in the symposium titled "Global Economic Crisis and Reconstruction of East Asian Economy," sponsored by the Institute of Developing Economies Japan External Trade Organization and the Economic Research Institute for ASEAN and East Asia, and supported by the Yomiuri Shimbun and other organizations.

In his greeting at the beginning of the symposium, Prime Minister Yukio Hatoyama said, "There are a variety of countries in East Asia. It is important for us to deepen ties at various levels such as trade, science and technology, and education. We should turn the

dream or ideal of an East Asian Community into a reality." ASEAN Secretary General Surin Pitsuwan, pointing out the importance of ASEAN's role in building the community, asked for Japan's cooperation.

9) USFJ uncooperative in handing over four suspect children of U.S. military personnel in rope incident in Musashi-murayama City, Tokyo

ASAHI (Page 39) (Abridged)  
December 2, 2009

It was learned from investigation sources that the Tokyo Metropolitan Police Department (MPD), which has decided to prosecute four children of U.S. military personnel in the incident last August where a woman motorcyclist, 23, fell and was seriously injured from running into a rope intentionally strung (across a street) in Musashi-murayama City, Tokyo, has been unable to obtain the cooperation of the U.S. Forces Japan (USFJ) for the handover of the four suspects. The MPD obtained warrants of arrest for the four on charges of attempted murder on Nov. 24, and the warrants that expired on Dec. 1 have been renewed.

According to the MPD's second organized crime department and other investigation sources, the four suspects, aged 15-18, are children of U.S. service members stationed at the Yokota base. Since two of them live on the military base, the MPD requested their handover from the USFJ in accordance with the Japan-U.S. Status of Forces Agreement. The MPD will continue to request the USFJ's cooperation in the handover procedures.

10) Japan, U.S. to hold meeting of ministerial-level working group soon

ASAHI (Page 4) (Full)  
December 2, 2009

In a press conference yesterday, Foreign Minister Katsuya Okada revealed that Japan and the U.S. will soon hold a meeting of their ministerial-level working group to find a solution to the issue of relocating the U.S. Marine Corps' Futenma Air Station. The meeting is likely to take place on Dec. 4. Both sides are expected to discuss new measures to lighten the base burden on Okinawa, such as the transfer of training activities by U.S. troops in Okinawa. The two countries will first hold working-level talks that Deputy Assistant Secretary of State Joseph Donovan and Deputy Assistant Secretary of Defense Michael Schiffer will participate in from the U.S. government. According to Okada, a ministerial meeting will also be held.

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11) PACOM commander: Necessity of Futenma replacement facility will remain unchanged

ASAHI (Page 4) (Full)  
December 2, 2009

Yoichi Kato, senior writer

Navy Adm. Robert Willard, commander of the U.S. Pacific Command (PACOM) which takes command of U.S. Forces Japan, held a press conference at the U.S. Embassy in Akasaka, Tokyo, on Dec. 1. The commander indicated that even after work on the new Quadrennial Defense Review (QDR) is completed by the Department of Defense (DoD) next February as planned, the strategic necessity of the envisaged Futenma replacement facility will not diminish at all.

"The United States has no intention of withdrawing from this region (Northeast Asia including Japan)," the commander said emphatically. "Such a withdrawal has never been discussed and will never be discussed in the future." The commander thus plainly dismissed the view that the U.S. military might withdraw its forward deployed troops to the Alaska-Hawaii-Guam line.

Last month, the DoD Joint Guam Program Office released an environmental impact assessment report on facilities to be built due

to the relocation of U.S. Marines from Okinawa, which includes the construction of a facility that can accommodate the helicopter unit now deployed at Futenma Air Station. The commander explained it this way: "There is nothing new about the idea that the unit to be transferred from Okinawa will possess aviation and maritime transport capabilities." The commander emphasized that the United States does not have future withdrawal from Okinawa in mind.

Through its screening of budgetary requests, the Hatoyama administration has decided to "review" Japan's share of the cost of stationing U.S. forces in Japan, which is commonly called the omoiyari yosan (literally "sympathy budget"; i.e., host nation support). About this decision, Commander Willard said: "We think it is natural for the Japanese government to reexamine the requests, but we cannot accept (a reduction). Host nation support carries great significance for an alliance, and it is of great value to Japan."

12) PACOM chief says he believes Futenma issue will reach early conclusion

MAINICHI (Page 2) (Full)  
December 2, 2009

Visiting U.S. Navy Admiral Robert Willard, who heads the U.S. Pacific Command (PACOM), headquartered in Hawaii, gave a press briefing for Japanese reporters yesterday in Tokyo. In the press briefing, PACOM Commander Willard, referring to the pending issue of relocating the U.S. Marine Corps' Futenma Air Station in Okinawa Prefecture, said: "Both Japan and the United States recognize the urgency of this issue. I believe we will be able to reach a conclusion at an early date." Willard lauded Prime Minister Yukio Hatoyama for his willingness to reach an early conclusion on the Futenma issue.

Meanwhile, the Hatoyama government has set forth its intention to go

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over Japan's "sympathy budget" (omoiyari yosan, or host nation support) for U.S. Forces Japan. "It's only natural that the new government will review (its predecessor's policy)," Willard said. However, he indicated that it would not be desirable to cut down on the budget. "It (sympathy budget) constitutes an important portion of our bilateral alliance," he said.

13) Foreign Minister Okada to revisit Okinawa on Dec. 4

NIKKEI (Page 2) (Full)  
December 2, 2009

Foreign Minister Katsuya Okada announced yesterday at a press conference that he will visit Okinawa Prefecture on a two-day schedule from Dec. 4 in connection with the issue of relocating the U.S. Marine Corps' Futenma Air Station (in Ginowan City). This will be his second visit to Okinawa following the one he made last month. Okada is expected to exchange views with local residents on the Futenma relocation issue, based on the results later this week of a review of the issue by the Japan-U.S. high-level task force working to resolve the issue. The foreign minister said at the press conference, "I want to hear the frank opinions of Okinawa's people."

14) LDP Okinawa chapter to call for moving Futenma outside prefecture if decision not made before year's end

NIKKEI (Page 2) (Full)  
December 2, 2009

The Liberal Democratic Party's (LDP) Okinawa chapter Secretary General Masatoshi Onaga met yesterday with LDP Secretary General Tadamori Oshima at party headquarters. In the meeting, Onaga told Oshima that if the government fails to reach a conclusion on the relocation site for the U.S. Marine Corps Futenma Air Station before the end of this year, the Okinawa chapter will call for moving the Futenma facility out of Okinawa, changing its policy of allowing the Futenma base to be relocated within the prefecture.

15) Hirano: Futenma issue not included in coalition agreement

ASAHI (Page 4) (Full)  
December 2, 2009

In response to questions on the issue of relocating the U.S. Marine Corps' Futenma Air Station during a press conference yesterday, Chief Cabinet Secretary Hirofumi Hirano said: "The Futenma issue is not specifically stipulated in the agreement reached by the three political parties to form a coalition, although the base issue is included in it."

The coalition agreement reached between the Democratic Party of Japan, the Social Democratic Party (SDP), and the People's New Party includes the following item regarding the base issue: "In view of lightening the burden on the people of Okinawa, we will propose revising the Japan-U.S. Status of Forces Agreement and will also reconsider the existing plan to realign U.S. forces in Japan and future options for U.S. military bases in Japan." It is true that there is no description about the Futenma airfield, but the three ruling parties did in fact revise an expression in the agreement to reflect the SDP's opposition to the planned relocation of the facility within the prefecture. Hirano's remark yesterday was

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apparently intended to indicate that even if Prime Minister Yukio Hatoyama approves the relocation of the airfield within the prefecture, the stance does not infringe on the agreement between the three ruling parties.

16) Government eyes spending over 7 trillion yen for economic stimulus measures: Significant increase in second extra budget

MAINICHI (Top play) (Excerpts)  
December 2, 2009

The government on Dec. 1 began making final adjustments with the possibility of incorporating stimulus measures worth over 7 trillion yen into the fiscal 2009 second extra budget. It had originally planned to formulate a second extra budget using 2.7 trillion yen squeezed from projects that were put on hold in a review of the first extra budget. However, coordination among the three ruling parties has bogged down. The government will now aim to reach a consensus as early as the 2nd by significantly increasing the size of the second extra budget.

In addition to the 2.7 trillion yen, more than 1 trillion yen secured from unnecessary payments of interest on government bonds realized as a result of market interest rates lower than anticipated will be included in the budget. Actual fiscal spending worth about 4 trillion yen will now likely be earmarked in the second extra budget.

The government is expected to map out an economic pump-priming package by the end of the week. It will also aim to have the three ruling parties reach a consensus. However, the People's New Party appears to be seeking to increase the size of the budget even more.

17) BOJ to provide 10 trillion yen fund

NIKKEI (Top play) (Excerpts)  
December 2, 2009

The Bank of Japan (BOJ) on Dec. 1 held an extraordinary policy meeting and decided to further ease monetary conditions. The central bank has decided to lend funds worth 10 trillion yen to financial institutions at a fixed interest rate of 0.1 percent per year. The aim is to apply pressure for a further decline in longer-term interest rates. The BOJ will not limit the term for the supply of funds, based on this method. The future of the Japanese economy is becoming increasingly unclear due to the deflationary trend and the sharp rise in the value of the yen. The central bank will clarify its stance of addressing the deflationary trend in concert with the government in order to produce the effects of a monetary quantitative easing policy in a broad sense, as BOJ Governor Masaaki



Shirakawa put it -- meaning stabilizing the financial market with the ample supply of funds.

The fund supply method (a new type of open market operation), which the BOJ will introduce, will continue for three months. Under the new approach, 10 trillion yen will be supplied. Highly fluid government bonds have been secured as collateral. The BOJ introduced a special market operation for assistance for corporate financing as a measure to address the financial crunch in December last year. At that time, corporate bonds and commercial papers (CP) were secured as collateral, but government bonds were not included.

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The fund size of 10 trillion yen is equivalent to about 20 percent of the total amount of funds the BOJ currently supplies (40-50 trillion yen). The central bank said that if demand from financial institutions for more fund supplies grows, it will further increase fund supplies, based on the same operation.

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